

# THE MENU

## DRIVES YOUR BUSINESS



### OVERVIEW

#### Expenses = Income

- This is the break even point and it is the goal.

#### Menu Income and Expense Driven by:

- Type of service and therefore type of food
- Source of food and expenses
- Student Acceptance/Participation

#### Expenses Total:

- Food + Labor + Supplies + Equipment  
+ Indirects

#### Income Total:

- Reimbursement, paid meals, ala carte,  
catering, outside sales

#### Steps to use to evaluate menu

- Identify Cost
- Create Accessible & Comparable Reports
- Analyze & Adjust Menu

### PER-MEAL COSTING

#### Average Per Meal Income

- % free, reduced, paid of total meals served
- % of each level x (meal reimbursement at that level + paid meal at that level)
- Add all three levels then  $\div$  by 3

#### OR

- Total Income  $\div$  Total Meal Equivalents  
(better use with large numbers of a la carte and non-lunch meals)

#### Theoretical Cost Per Meal

- Cost of each recipe offered = cost of each  
ingredient in portion needed

#### Actual Cost Per Meal

- Total cost of all prepared ingredients  $\div$   
total meals served

(This number will account for over-preparations, leftovers,  
waste, and changed pricing)

- Compare food costs by food category  
(entree, fruit, veggie, milk, other)
- Cost each recipe, graph the cost of each  
recipe, find the median cost range
- Compare the average actual cost per  
meal to the average per meal income





## METRICS THAT MATTER

### Meals/Labor Hour

- Total Meals and Equivalents for period  $\div$  total paid labor hours for same period
- Can be done by district or by school, and any time range for consistent comparison

### % of Expense

- Expenses for a category (food, labor, equipment, etc.)  $\div$  total expense
- Can be done by district or by school for consistent comparison

### Meal Equivalent = 1 reimbursable lunch

- 1 reimbursable lunch = 1 supper or 3 snacks or 2 breakfasts or \$3.00 a la carte sales
- Total Meals = all lunch meals + all supper meals + meal equivalents

### Menu Optimization

- Compare the popularity and profitability of each meal to another meal in the range
- # of a specific meal  $\div$  total # meals = popularity %
- Price of specific meal  $\div$  average per meal income = profitability %
- Rank all the menu items in order of popularity and profitability

## ICN RESOURCES

(Click the titles below to open resource page)

- **Financial Management for Managers**
- **Key Performance Indicators, Meals per Labor Hour, Meal Equivalents Spreadsheets, and Calculator**



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